From: Barr, James (FTA)
To: Borinsky, Susan (FTA); Ryan, James (FTA); Day, Elizabeth (FTA)
CC: Zelasko, Elizabeth (FTA); Loui, Anthony (FTA); Matley, Ted (FTA); Sukys, Raymond (FTA)
Sent: 8/17/2009 3:24:32 AM
Subject: RE: Revisions to the financial plan for Honolulu

The Region sent HRT consolidated FTA comments on the DFEIS on 7/31. We have asked them to send back relevant underlined strike-out portions of the document related to our comments. I'm assuming that HRT will send an electronic version. Among other things, they have to make extensive changes to the format of the N&V section.
I'm trying to understand how plugging in the most recent O&M numbers in Chapter 06, Cost and Financial Analysis will affect timely production time and cost.

From: Borinsky, Susan (FTA)
Sent: Thursday, August 06, 2009 9:30 PM
To: Ryan, James (FTA); Day, Elizabeth (FTA)
Cc: Barr, James (FTA); Zelasko, Elizabeth (FTA); Loui, Anthony (FTA)
Subject: RE: Revisions to the financial plan for Honolulu

HONOLULU
Jim, is there really much "production time and cost" involved in changing the cost projections in the FEIS for the Honolulu project? That doesn't seem likely to me.

I am hesitant for FTA to formally advance the project into PE (in public documents) on the basis of a financial plan that includes the $116 M (even though it's a small portion of the overall budget), while the NEPA document issued shortly afterward shows a budget without the $116 M. But others may disagree and I'd like to know your thoughts.

DRAPER
Also, I need to discuss the Draper project with you tomorrow morning (Friday) to see if resolution of the ridership projections is possible in time to allow publication of the DEIS before the end of August. (We are having a meeting on this project on Tuesday when Terry Rosapep will be in town.)

Today, the Administrator OK'ed UTA using an 80% NS share for Draper for PE purposes, with the understanding that large a share may not make it through OST or OMB for final design and FFGA. They are preparing the financial plan immediately.

Liz, Tony and I met with UTA on Draper on Tuesday. They want to get into the President's Budget in February 2010. The timing on completing the Draper NEPA review (assuming all goes well with environmental review) in time for the project's inclusion in the New Starts Report/President's Budget (assuming all goes well with NS evaluation) is extremely tight. The DEIS would have to be published by the end of August, followed by 45 days of public review until mid-October, two or more weeks of FTA considering comments, and if all is well, publication of the FEIS in early November, followed by a 30 day review, consideration of any additional comments, and issuance of the ROD by the end of December.

Even if that schedule works out, I don't know if the project can make it into the President's Budget since FTA usually has the recommendations to OST/OMB (with NEPA completed) by the end of November. However, if we are confident of NEPA being completed by the end of the year, and the project meets the NS statutory criteria, OST and OMB may be willing to accommodate the project being in the President's Budget.

I think the only remaining information UTA needs for FTA to publish the DEIS is the ridership in information. Can you give me an idea of how soon we can finish the necessary ridership review/analysis? Is that possible in time to finalize the DEIS and allow its publication around the end of August? Susan

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From: Ryan, James (FTA)
Sent: Thursday, August 06, 2009 5:52 PM
To: Day, Elizabeth (FTA)
Cc: Borinsky, Susan (FTA)
Subject: RE: Revisions to the financial plan for Honolulu

In discussing these and other things with the Honolulu folks, I extrapolated from the CE and SCC changes that the FEIS also needs to present the capital cost estimate with the $116M increment. They were agreeable to everything else, but pushed back on the FEIS. Their complaint is production time and cost. The $116M is already public knowledge in Honolulu because the PMOC report has been released there, so the pushback does not seem motivated by a likely adverse public reaction. I couldn't think of a reason that we'd be OK with the $116M showing up everywhere else, but not in the FEIS but promised that I'd check around. So, is there some rationale for letting them ignore the $116M increment in the FEIS?

From: Day, Elizabeth (FTA)
Sent: Thu 8/6/2009 1:19 PM
To: Ryan, James (FTA)
Cc: Borinsky, Susan (FTA)
Subject: RE: Revisions to the financial plan for Honolulu

We did not explicitly say at the meeting with the Honolulu folks that we would share in the cost increase, so we should not be giving them guidance to that effect. Let's see what they come to us with in this revised financial plan. Peter only said that we could agree with the $1.55 billion.

You might want to inform them that simply increasing the 5307 funds may cause problems with their financial rating. Peter was very clear in telling them that FTA already has concerns about the growth in 5307 funds they are assuming, so bumping that up even more will not help them.

As for updating the tax revenue collection information, you might suggest to them that if it helps better inform the reasonableness of their assumptions going forward, they may want to undertake the effort to include it now. If their future projections on tax revenues are that they will grow significantly, yet recent history has shown significant declines, then the reasonableness of the assumptions will be called into question. Anything showing a reversing trend (growth in collections) would help.

There is no guarantee the financial plan will rate well enough to get into PE, so they should use whatever they can to help.

We need new templates and SCCs from them reflecting the increased cost.

From: Ryan, James (FTA)
Sent: Thursday, August 06, 2009 9:47 AM
To: Day, Elizabeth (FTA)
Cc: Borinsky, Susan (FTA)
Subject: Revisions to the financial plan for Honolulu

Yesterday I talked to the two PB guys who will be revising the financial plan.

The principal conclusion is that they will update the plan using the same timeframe (May 2009), rather than moving to August 2009. The revised plan will show capital costs that are $116 million higher and funding that is higher by that same amount (probably three more years of 5307 diversions). But the plan will not update other things that have changed (very marginally) since May. Examples are (1) the project's higher cash balance resulting from three additional months of tax revenues and (2) the higher pace of tax revenue collections over those three months compared to the projections in the May 2009 plan. Assuming that there's no need to make very minor changes to many table and text items, they will get us the revised plan early next week.

During the call, I remembered discussion of FTA's willingness to share in the $116M increase -- proportionately, using the same New Starts share implied by the $1.55B. I'm sure that Matt said that during the pre-meeting and don't recall any disagreement from the administrator or anyone else. I cannot recall a similar discussion during the meeting with the Honolulu folks. I have copious notes from both meetings, but I don't have anything on this topic from either meeting. So, the question for the revised financial plan is: What's the New Starts amount -- $1.55B or $1.55B + ~30% of $116M = $1.585B?

Also, I'm assuming that we're taking the position that the total capital cost of the project has increased by $116M for all purposes -- including the calculation of the cost-effectiveness measure. It doesn't make any CE-rating difference for the Honolulu project either way, and Chris Nutakor has said (though not written) that TPM endorses the higher cost estimate for New Starts evaluation purposes. So, we're proceeding on that assumption unless we hear otherwise.